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## GENERAL NOTICE

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### NOTICE 415 OF 2011



### INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

### POSTAL SERVICES ACT, 1998 (ACT NO. 124 OF 1998):

#### **Draft Amended Reserved Postal Services Licence for South African Post Office Limited**

The Independent Communications Authority of South Africa ("ICASA") hereby publishes attached draft proposed amended Reserved Postal Service Licence for South African Post Office Limited.

Consequently, ICASA invites the public to make written representations on the draft proposed amended Reserved Postal Service Licence attached herewith.

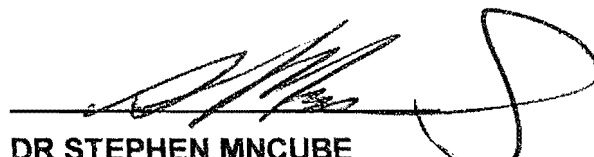
A copy of the draft proposed amended Reserved Postal Service Licence is available on the Authority's website ([www.icasa.org.za](http://www.icasa.org.za)) and in the ICASA Library at 164 Katherine Street, Pin Mill Farm, Block D, First Floor between 09h00 – 16h30.

Interested persons are hereby invited to submit written representations with regard to the draft proposed amended Reserved Postal Service Licence. Written representations must be submitted to the Authority within 21 (twenty-one) working days from the date of the publication of this notice by post or hand delivery or facsimile transmission for the attention of:

Peter Mailula  
Independent Communications Authority of South Africa  
Private Bag X10002  
SANDTON  
2146

OR  
Block D, Pin Mill Farm  
164 Katherine Street  
SANDTON  
2146

Tel: (011) 566 3657  
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E-mail: [pmailula@icasa.org.za](mailto:pmailula@icasa.org.za)

  
**DR STEPHEN MNCUBE**  
**CHAIRPERSON**

**SAPO LICENCE**

**No. 2008/005477/06**

**GRANTED**

**TO**

**THE SOUTH AFRICAN POST OFFICE**

**FOR THE PROVISION OF**

**RESERVED POSTAL SERVICES**

**SIGNED FOR AND ON BEHALF OF THE INDEPENDENT COMMUNICATIONS  
AUTHORITY OF SOUTH AFRICA**

**EFFECTIVE FROM 20 OCTOBER 2008**

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**Chairperson**

**Amended Date:**

## Schedule 1

### 1. DEFINITIONS

Unless otherwise indicated, all words and phrases have the meaning ascribed to them in the Postal Services Act 1998 (Act No 124 of 1998):

**“Act”** means the Postal Services Act of 1998 (Act no 124 of 1998);

**“Authority”** means the Independent Communications Authority of South Africa established by the ICASA Act, 2000 (Act No. 13 of 2000);

**“Basic letter”** means a letter, postcard, printed matter, small parcel and other postal articles of the type covered from time to time in Schedule One (1) of the Act;

**“Basic letter service”** means the delivery of basic letters to households at their street letter boxes, address boxes, and private bags;

**“Business day”** means any day other than a Saturday, Sunday or a public holiday in the Republic;

**“Delivery point”** means an address where basic letters are delivered;

**“Delivery point roll-out”** means the delivery points to be rolled out in the Republic as set forth in Schedule Two (2) of this licence;

**“Financial year”** means the period commencing from 01 April of each Calendar year for 12 months ending on the last day of March.

**“ICASA Act”** means the Independent Communications Authority of South Africa Act, (Act No. 13 of 2000);

**“Inspector”** means a person appointed in terms of section 17F of the ICASA Act;

**“Mail collection point”** means any structure where an addressee can collect mail at any time;

**“Minimum percentage”** means the minimum percentage in respect of the service performance standards set forth in Schedule Six (6) of this licence;

**“Minister”** means the Minister responsible for Communications;

**“Post box”** means the receptacle at a post office or any other structure where mail can be collected by the addressee;

**“Price cap”** means the maximum percentage by which tariffs in respect of any year may be increased;

**“Retail Outlet”** means an outlet at which customers can mail or receive basic letters and other reserved postal services, made available by the Licensee;

**“Retail outlet rollout”** refers to the roll-out set out in Schedules Two (2) to Eight (8) of this licence

**“Roll-out auditor”** means an independent organisation or person appointed by the Authority to verify the extent of the achievement by the Licensee of the delivery point roll-out and the retail outlet roll-out for the purposes of the licence;

**“Serviced areas”** means areas where there are postal services provided by the licensee within 3 km and/or where one postal outlet services up to 10 000 inhabitants.

**“Service performance standards”** means the service performance standards set forth in Schedule Seven (7) of this licence;

**“Street addresses”** means premises in the Republic which have been assigned a number and name by the relevant municipal authorities;

**“Street delivery”** means the delivery of basic letters and notifications to a street letter box or site;

**“Street letter box”** means a receptacle provided and installed by a recipient of basic letters and notifications on the street frontage of the person’s property, bearing the number of the house in question, and in which the basic letters and notifications can be inserted;

**“Target”** means the target as set out in schedules Two (2) to eight (8) of this licence;

**“Under serviced area”** means any area where a person has to walk more than 3 km to access a postal services or where one postal outlet services more than ten thousand (10 000) inhabitants;

**“Virtual addresses”** means a temporary post box number allocated to a customer to collect basic letters until such time that a post box can be allocated.

## **2. LICENSEE**

The Licence is issued to:

- 2.1 Name of Company/Entity:** The South African Post Office Limited.
- 2.2 Shareholders:** The Government of the Republic of South Africa.
- 2.3 Ownership held by persons from Historically Disadvantaged Groups:** Not applicable.

## **3. CONTACT DETAILS**

- 3.1** The contact person for the Licensee shall be:

- 3.1.1 Name:** Ms Mmapeu Manyaka
  - 3.1.2 Tel:** (012) 401 8008
  - 3.1.3 Fax:** (012) 401 7755
  - 3.1.4 Cell:** 082 335 0075
  - 3.1.5 Email:** mmapeu.manyaka@postoffice.co.za

- 3.2** Should the Licensee propose to replace the person so designated, the Licensee shall notify the Authority in writing within seven (7) days after appointing the new designated person.

## **4. NOTICES AND ADDRESSES**

The Licensee chooses the following addresses as its principal addresses:

- 4.1 Postal Address:** PO Box 10000  
Pretoria  
0001
- 4.2 Physical Address:** 497 Schubart Street  
Pretoria Central  
0002

**5. SERVICE NAME:**

South African Post Office

**6. GEOGRAPHIC COVERAGE AREA:**

National

**7. OBLIGATIONS:****7.1 PAYMENT OF LICENCE FEES**

The Licensee must pay an annual licence fee of 0.55% of the Licensee's audited regulated annual turnover. The payment must be made within ninety (90) days of the end of each financial year.

**7.2 TRANSFER OR CESSION OF A LICENCE**

7.2.1 The Licence must not be transferred and/or ceded to any person except in terms of a prior written approval by the Authority.

7.2.2 No ownership interest in and/or control of the Licensee may be transferred or assigned to any person except with the prior written approval of the Authority.

**7.3 EXCLUSIVITY OF RESERVED POSTAL SERVICES**

7.3.1 The licensee shall provide reserved postal services on an exclusive basis subject to clause 7.3.2 of this licence.

7.3.2 The period of exclusivity to provide reserved postal services is subject to review by the Minister in terms of section 16(8) of the Act.

#### **7.4 UNIVERSAL POSTAL SERVICE**

7.4.1 Notwithstanding the provisions of Section 8(1) (f) of the Act, the Licensee must, in terms of the Schedules Two (2) to Eight (8) of this licence:

- (a) extend the services such as the basic letter services to all under serviced areas,
- (b) provide retail outlets at which customers can mail basic letters and other postal items taking into account the population size and mail volumes of particular areas,
- (c) provide mail collection points which are accessible,
- (d) provide and roll out virtual addresses where there are no available post box facilities; provided that the Licensee must within a maximum period of twelve (12) months convert such virtual addresses to post boxes or street addresses,
- (e) ensure that there are sufficient retail outlets in the under serviced areas ,
- (f) improve service performance standards,
- (g) provide basic letter services at charges approved by the Authority,
- (h) provide adequate facilities for the receipt from the dispatchers of basic letters,
- (i) sell postage stamps,
- (j) accept and deliver Cash on Delivery (COD) items, insured parcels, ordinary parcels, registered letters (with an insurance option) and signature on delivery (SOD) items,
- (k) issue and pay money orders,
- (l) must render the reserved postal services by way of vending machines or other devices.

7.4.2 The Licensee shall not:

- (a) differentiate in the provision of services between serviced areas and under serviced areas;
- (b) discriminate in the discounts afforded to mail users;
- (c) discriminate against any person in respect of the provision of the reserved postal services.

7.4.3 The Licensee must roll out reserved postal services to the serviced and under serviced areas.

**7.5 DETERMINATION OF TARGETS IN REGARD TO DELIVERY POINT ROLL-OUTS AND RETAIL OUTLET ROLL-OUTS**

The Licensee must draw up a sustainable programme for a period which will be reviewed annually by the Authority from the beginning of April to the end of March for the delivery point roll-outs and retail outlet roll-outs in the Republic, as well as the development of the reserved postal services commencing from the 1<sup>st</sup> April 2008.

**7.6 TARIFFS**

7.6.1 The Authority determines the price cap and any such determination is binding upon the Licensee.

7.6.2 The Authority may for the purposes of determining the price cap, in addition require for the deduction of a productivity factor to encourage the licensee to become more efficient, and may permit the addition of a factor to cover the capital expenditure to be incurred by the licensee in achieving the universal postal service.

- 7.6.3 The manner for determining the price cap shall be published in the regulations. In the event the Authority decides to prescribe a different methodology for determining tariffs other than the price cap, such amendments shall be made in terms of regulations.
- 7.6.4 The Licensee must submit in writing to the Authority proposed tariffs for the forthcoming financial year in respect of reserved postal services, as prescribed by regulations.
- 7.6.5 The Authority may require the Licensee to make oral submissions, concerning annual adjustments/changes in the tariffs.
- 7.6.6 For the purposes of enabling the Authority to determine the annual tariff, the Licensee must furnish the Authority with the following information on request:
- (a) the cost structures of the Licensee;
  - (b) steps taken by the Licensee during the preceding period to reduce costs;
  - (c) capital expenditure the Licensee intends to deploy in any one financial period;
  - (d) any profit the Licensee may have generated from the reserved postal services;
  - (e) the proposed pricing for new products forming part of reserved postal services to be introduced by the Licensee including a detailed analysis of the proper costing for such new products; and
  - (f) any other information that the Authority may require the Licensee to provide.
- 7.6.7 If the Licensee grants discounts on tariffs to the public, the Licensee must publish the schedule of discounts at least two months prior to them becoming effective.

7.6.8 The Licensee shall not be entitled to re-categorise or make any changes to tariffs for reserved postal services without the written approval of the Authority.

7.6.9 The Licensee shall not finance unreserved postal services from revenues or profits gained from reserved postal services. In this regard the Licensee must:

- (a) keep proper costing systems for both reserved and unreserved postal services;
- (b) prepare management accounts separately;
- (c) prepare in respect of each financial year, cost accounts on a historic cost basis for both reserved postal services and unreserved postal services;
- (d) send a copy of each of such accounts to the Authority within six (6) months of the end of the Licensee's financial year; and
- (e) submit to the Authority in respect of each financial year, an audited financial statement .

7.6.10 The licensee may finance reserved postal services from revenues or profits gained from unreserved postal services.

## **7.7 POSTAGE STAMPS**

7.7.1 The Licensee must:

- (a) be entitled and obliged to issue postage stamps for the prepayment of the applicable postal charges and may not assign this obligation to any other third party without first obtaining the Authority's written approval.

- (b) issue postage due labels and any other labels for the collection of unpaid charges or for denoting postage and may not assign this obligation without first obtaining the Authority's written approval
- (c) issue postage stamps that project the image of the Republic and its people and depict amongst others themes of national and international interest

7.7.2 The Licensee must:

- (a) archive in suitable storage conditions and display in its museum such number of each new stamp and issue or postage due label or other type of new philatelic material as agreed to with the Authority;
- (b) present to the Authority proof or progressive samples of any new stamp issue;
- (c) take appropriate steps to store in suitable conditions and preserve the original designs for postage stamps and postage due labels whether in the museum or in the archives.
- (d) store duplicate copies of original designs at a remote site, the whereabouts of which must be known by the Authority and the curator of the museum. No such original designs may be lent to any person or for art shows unless:
  - (i) a written undertaking is obtained from such person that the original design, whilst in his/her possession (which will not be for a period longer than 6 (six) months) is sufficiently insured. Such person may be required to pay a rental; and
  - (ii) if displayed at art shows, proper measures have been taken by the borrower for the safety of the original design.

- (e) ensure that printing plates of any new postage stamps issues are stored in suitable conditions by the printer for possible re-issues of a series of postage stamps.
- (f) destroy the printing plates when no longer required;
- (g) grant access to the Authority to the philatelic archives of past stamp-issues relating to the Republic or other philatelic material or original designs kept in the archives or museum;
- (h) ensure that there is a proper security in connection with the printing and storing of postage stamps.

## **7.8 REMOTE METER SETTING FRANKING MACHINES**

The Licensee must:

- (a) appoint approved/accredited suppliers to sell and issue remote meter setting franking machines to users; and
- (b) formulate and apply a set of rules and policy for the issue of remote meter setting franking machines and inform the Authority in writing thereof.

## **7.9 POSTAL SECURITY AND CONFIDENTIALITY**

7.9.1 The Licensee must maintain security and confidentiality of the basic letters and any other postal articles, in all activities carried out in connection with the reserved postal services.

7.9.2 Sealed postal items may only be opened by persons authorised to do so by the Licensee.

7.9.3 The licensee may use its database of addresses for commercial gain, provided that the Licensee does not breach the terms and conditions of its licence.

#### **7.10 COMPLIANCE WITH INTERNATIONAL COMMITMENTS**

7.10.1 The Licensee must comply with all international commitments to which the Republic has bound itself or may bind itself in the future, in the sphere of postal services.

7.10.2 The Licensee must exercise its rights and powers and perform its duties and obligations under the Licence, in a manner which is consistent with any other international commitment to which the Republic may be party to currently or in future.

7.10.3 The Licensee must cooperate with the Authority to exchange the necessary expertise and information in the commercial and technical sphere required in respect of the Universal Postal Union or the Pan African Postal Union or the South African Development Community, on which the Republic or the Licensee is represented or to which it wishes to make representations.

7.10.4 The Licensee may not levy any charge, pursuant to clause 7.10.3 above, on the Authority or government in respect of the expertise or information provided.

7.10.5 The Licensee must provide mail services to and from other postal administrations in accordance with the rules and regulations agreed upon by the Universal Postal Union, regarding the operation of international postal services.

### **7.11 OTHER DUTIES OF THE LICENSEE**

The Licensee must in addition to the other obligations imposed in terms of this Licence:

- (a) furnish the Authority with such reports as the Authority may require from time to time.
- (b) allow the Authority reasonable access to its books and records during business hours as the Authority may require for the purpose of exercising the functions assigned to it by the Act.

### **7.12 FILING OF CONTRACTS**

7.12.1 Where the Licensee concludes a contract with any other operator/ licensee, same must be filed with the Authority within thirty (30) days from the date the contract was concluded.

7.12.2 The Licensee must file with the Authority the full details of all strategic agreements concluded by the Licensee with other postal authorities within thirty (30) days from the date the contract was concluded.

7.12.3 Any agreements concluded by the Licensee with other postal authorities prior to 1<sup>st</sup> April 2000, must be filed with the Authority within fifteen (15) days of the date upon which this Licence is formally issued.

### **7.13 CONTRACTS WITH THIRD PARTIES TO PROVIDE LICENSED SERVICES**

Subject to the provisions of clause 7.7.1, the Licensee may enter into any agreement with third parties with the intention to provide services under this licence.

#### **7.14 USE OF INFRASTRUCTURE**

The Licensee must consult with the Authority regarding the fee to be levied to other service providers in the utilisation of its infrastructure for the provision of reserved postal services.

#### **7.15 PENALTIES**

Failure by the Licensee to comply with its licence terms and conditions constitutes an offence and is liable to a penalty in terms of the ICASA Act and underlying statutes.

## SCHEDULE 1

Retail roll-out outlet targets: 2011-2012

Provinces	Proposed by SAPO	Recommended by the Authority	Municipality	Relocation/ Refurbished / New	Serviced/Underserviced area
Eastern Cape	06	08	Cacadu x 3 (Lady Frere, Ntlalontle, Ndonga)	New	Underserviced
			Amathole x 2	New	Underserviced
			KD Dalinyebo	New	Underserviced
			Chris Hani	New	Underserviced
			Umquma	New	Underserviced
Free State	02	03	Nketwane	New	Underserviced
			Masilonyane	New	Underserviced
			Matjabeng	New	Underserviced

Gauteng	22	05	City of Jo'burg (Orlando west)	New	Underserviced
			City of Jo'burg (Snake Park)	New	Underserviced
			City of Jo'burg (Braamfisher)	New	Underserviced
			City of Jo'burg (Orange Farm)	New	Underserviced
			Mogale City	New	Underserviced
KZN	15	15	Impendle	New	Underserviced
			Umzimkhulu	New	Underserviced
			Umtshezi	New	Underserviced
			Mtubatuba	New	Underserviced
			Empangeni	New	Underserviced
			Ulundi	New	Underserviced
			Ndwendwe	New	Underserviced
			Msinga	New	Underserviced
			Indaka	New	Underserviced
			Mthonjaneni	New	Underserviced
			Mkhabatini	New	Underserviced
			Amajuba	New	Underserviced
			Ilembe	New	Underserviced
			Nongoma	New	Underserviced
			Sisonke	New	Underserviced

Limpopo	02	11	Aganang (Moletji)	New	Underserviced
			Sekhukhune	New	Underserviced
			Tubatse	New	Underserviced
			Mutale x2	New	Underserviced
			Musina	New	Underserviced
			Blouberg (Malebogo / Makgabeng)	New	Underserviced
			Thabazimbi	New	Underserviced
			Makhado (rural areas e.g. Mulima / Mashamba)	New	Underserviced
			Marble Hall	New	Underserviced
			Baphalaborwa (Modjatjiskloof)	New	Underserviced
Mpumalanga	01	06	Ntlanzeni (Ermelo)	New	Underserviced
			Mbombela (rural areas)	New	Underserviced
			Middleburg (rural areas)	New	Underserviced
			Mkhondo	New	Underserviced
			Seame Municipality	New	Underserviced
			Belfast	New	Underserviced
Northwest	-	-		Re-Balancing & Relocations	Underserviced/Serviced
Northern	-	-		Re-Balancing &	Underserviced/Serviced

Cape				Relocations	
Western Cape	02	02	Bergrevier	New	Underserviced
			Cederberg	New	Underserviced
<b>Total number</b>	<b>50</b>	<b>50</b>			

## SCHEDULE 1

## Retail roll-out outlet targets: 2012-2013

Provinces	Proposed by SAPO	Recommended by the Authority	Municipality	Relocation/ Refurbished / New	Serviced/Underserviced area
Eastern Cape	06	08	Elundini	New	Underserviced
			Engcobo	New	Underserviced
			Inxuba Yethemba	New	Underserviced
			Makana	New	Underserviced
			Ndlambe	New	Underserviced
			Nkonkobe	New	Underserviced
			Sakhisizwe	New	Underserviced
			Tsolwana	New	Underserviced
Free State	02	03	Mafube	New	Underserviced
			Dihlabeng	New	Underserviced

			Tswelopele	New	Underserviced
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Gauteng	22	05	West rand municipality (Randfontein)	New	Underserviced
			Ekhurhuleni (East rand)	New	Underserviced
			City of Tshwane	New	Underserviced
			Merafong	New	Underserviced
			Mogale City	New	Underserviced

KZN	15	15	eNdondakusuka	New	Underserviced
			Ezingoleni	New	Underserviced
			Greater kokstad	New	Underserviced
			Hlabisa	New	Underserviced
			Imbabazane	New	Underserviced
			Impendle	New	Underserviced
			Ingwe	New	Underserviced
			Kwa sani	New	Underserviced
			Maphumulo	New	Underserviced
			Matatiele	New	Underserviced
			Msinga	New	Underserviced
			Ubuhlebezwe	New	Underserviced
			Umngeni	New	Underserviced

			Umtshezi	New	Underserviced
			Uphongolo	New	Underserviced
Limpopo	02	11	Thulamela	New	Underserviced
			Polokwane	New	Underserviced
			Greater Giyani x2	New	Underserviced
			Lephalale	New	Underserviced
			Musina	New	Underserviced
			Mogalakwena	New	Underserviced
			Maruleng	New	Underserviced
			Molemole	New	Underserviced
			Thaba Chweu	New	Underserviced
			Baphalaborwa	New	Underserviced
Mpumalanga	01	06	Lekwa	New	Underserviced
			Kungwuni	New	Underserviced
			Greater Groblersdaal	New	Underserviced
			Themvisile	New	Underserviced
			Umjindi	New	Underserviced
			Dipaleseng	New	Underserviced
Northwest	-	-		Re-Balancing &	Underserviced/Serviced

				Relocations	
Northern Cape	-	-		Re-Balancing & Relocations	Underserviced/Serviced
Western Cape	02	02	Matzikama	New	Underserviced
			West Coast	New	Underserviced
<b>Total number</b>	<b>50</b>	<b>50</b>			

## SCHEDULE 2

## Address expansion roll-out targets for 2011-2013

Province	Year	Street Address	Post Box	Total
Eastern Cape	2011/2012	102,837	44,073	146,910
	2012/2013	102,837	44,073	146,910
	<b>Total</b>	<b>205,674</b>	<b>88,146</b>	<b>293,820</b>
Free State				
	2011/2012	45,728	19,598	65,325
	2012/2013	45,728	19,598	65,325
	<b>Total</b>	<b>91,456</b>	<b>39,196</b>	<b>130,650</b>
Gauteng				
	2011/2012	109,489	46,925	156,414
	2012/2013	109,489	46,925	156,414
	<b>Total</b>	<b>218,978</b>	<b>93,850</b>	<b>312,828</b>
Kwa Zulu Natal				
	2011/2012	147,236	63,101	210,337
	2012/2013	147,236	63,101	210,337
	<b>Total</b>	<b>294,472</b>	<b>126,202</b>	<b>420,674</b>
Limpopo				
	2011/2012	130,479	55,919	186,398
	2012/2013	130,479	55,919	186,398
	<b>Total</b>	<b>260,957</b>	<b>111,838</b>	<b>372,796</b>
Mpumalanga				
	2011/2012	101,464	43,484	144,948
	2012/2013	101,464	43,484	144,948
	<b>Total</b>	<b>202,928</b>	<b>86,969</b>	<b>289,896</b>
Northern Cape				
	2011/2012	3,826	1,640	5,466
	2012/2013	3,826	1,640	5,466
	<b>Total</b>	<b>7,652</b>	<b>3,280</b>	<b>10,932</b>
North west				
	2011/2012	92,704	39,730	132,434

	2012/2013	92,704	39,730	132,434
	<b>Total</b>	<b>185,408</b>	<b>79,460</b>	<b>264,868</b>
<b>Western Cape</b>				
	2011/2012	103,221	44,237	147,458
	2012/2013	103,221	44,237	147,458
	<b>Total</b>	<b>206,441</b>	<b>88,474</b>	<b>294,916</b>
<b>National Total</b>	<b>2011-2013</b>	<b>1,673,966</b>	<b>717,415</b>	<b>2,391.380</b>

**SCHEDULE 3****PERFORMANCE STANDARDS FOR 2011-2013**

<b>Category</b>		<b>2011-2012</b>	<b>2012-2013</b>
Across Town- Metropolitan, Cities & Towns		D + 2	D + 2
Across Town – Remote outlying Towns *Alternative delivery days (Long Spokes)		D + 3	D + 3
Between Mail Centres – Metropolitan, Cities & Towns		D + 3 / D + 4	D + 3/D+ 4
Between Mail centres – remote outlying Towns *Alternative delivery days (Long Spokes)		D + 5	D + 5
<b>Percentage Standards per annum</b>			
2011 / 2012	95%		
2012 / 2013	95%		